

**CITY OF DELTONA, FLORIDA
FIREFIGHTER'S PENSION BOARD OF TRUSTEES MEETING
TUESDAY, JANUARY 20, 2015**

A Special Meeting of the Firefighter's Pension Board of Trustees was held on Tuesday, January 20, 2015 in the 1st Floor South Wing Room 150A at 2345 Providence Blvd., Deltona, Florida.

1. CALL TO ORDER:

The January 20, 2015 Firefighters' Pension Board of Trustees Meeting was called to order at 3:04 p.m. by Chairman Koczan.

2. ROLL CALL/Election of Officers:

Chairman	James Koczan	Present
Secretary	Kurt Vroman	Present
Board Member	Janet Deyette	Present
Board Member	Gene Gizzi	Absent (Excused)
Board Member	Mike Maples	Absent
Plan Administrator	Lisa Spriggs	Present

Also present: Dave West, The Bogdahn Group, Scott Christiansen, Christiansen & Dehner, P.A., Patrick Donlan, Foster & Foster, Tim Brown, Plan Member and Susan Helberg, Deltona Finance Department.

Chairman Koczan stated the next item is the Election of Officers. Mr. Christiansen stated according to the plan's operating rules the officers are selected or re-selected every two (2) years; the election of officers was last done in January 2013 and he did the math making the election of officers due in January 2015 so it would be appropriate to select or re-select our Chairman, Jim Koczan and our Secretary, Kurt Vroman.

Motion was made by Mr. Vroman, seconded by Ms. Deyette to re-appoint James Koczan as Chairman for another term.

Motion carried with members present voting unanimously.

Motion was made by Chairman Koczan, seconded by Ms. Deyette to re-appoint Mr. Vroman as Secretary for another term.

Motion carried with members present voting unanimously.

3. APPROVAL OF MINUTES & AGENDA:

A. Adoption of the Minutes – December 16, 2014:

Chairman Koczan asked if there were any additions or corrections to the minutes for the December 16, 2014 and there were none.

Motion was made by Mr. Vroman, seconded by Ms. Deyette to approve the minutes from the December 16, 2014 Special Meeting as published. Chairman Koczan asked if there was any discussion and there was none.

Motion carried with members present voting unanimously.

Mr. Christiansen clarified one statement in the minutes on Page 5 under Mr. Vroman's comments item # 3 from the conference that wills can supersede a beneficiary designation. He stated that is not true; if you make a beneficiary designation for the plan you cannot change that designation by putting it in your will as it will not supersede that designation on the beneficiary form.

B. Additions or Deletions to Agenda:

Ms. Spriggs stated she would like to add to the agenda Mr. West for a performance review and he replied he was prepared to give a preliminary report. She stated also, Mr. Donlan had called to say he was on his way to the meeting so she asked to add an Actuarial Presentation by Patrick Dolan to the agenda based on tonight's approval.

Motion was made by Mr. Vroman, seconded by Ms. Deyette to approve the addition of the actuarial valuation and the preliminary performance review to the agenda. Chairman Koczan asked if there was any discussion and Ms. Spriggs asked that Mr. Donlan be allowed to go first so he can leave to drive back.

Motion carried with members present voting unanimously.

4. PRESENTATIONS:

A. Actuarial Valuation by Foster & Foster:

Mr. Donlan went over the actuarial valuation beginning with Page 5, The Summary report where it shows the City's funding requirement went up as a percentage of the payroll but the payroll went down so the City's funding requirement will be at 21.3% for next year; up from 19.9% this year. He stated as a result of the payroll going down the dollar amount of the funding requirement will go down. He stated he did an impact statement with the proposed benefit changes using the State Monies Reserve in the amount of \$1,796,768 however the City could still only use the \$154,000 in 2014; everything over that amount goes into the State Monies Reserve and as a result of timing the reserve is \$280,653 as of October 1, 2014 which can be used in the future when the plan goes through this process again. Chairman Koczan asked what the typical amount will be and Mr. Donlan replied the new frozen amount will be for the current year \$422,395 so only State Monies in excess of this amount will go into the reserve; he gave an example of the plan receiving \$435,643 this year leaving the excess at about \$10,000 which will be normal for now. Mr. Donlan went over the Actuarial Asset Valuation stating the plan expected earnings of \$1,434,863 in 2014 and the plan actually had earnings of \$1,994,535 which gave an actuarial gain of \$559,672 however, using the smoothing method the plan will actually only recognize 25% of that gain or \$111,934 this year. He stated that will help the plan over the next three (3) years because we will recognize the return the plan had this year of \$612,957 giving the plan a cushion in case there is a loss this year the City's costs won't go up. He stated the plan had a Market Value of Assets Rate of Return for the year of 11.27% but with the smoothing method it works out to 8.52%. He stated something new in the report is the GASB 67 and GASB 68 and he went over a few of the new methods included. He explained that next year the City will have to start showing this on the balance sheet. He went over the Comparative Summary of Principal Valuation Results where the Market Value of Assets went from \$17,519,560 to \$20,304,917 which is almost a \$3 million increase. Next he went over the Total Present Value Accrued Benefits that went from \$21,082,505 to \$22,581,057 going up almost \$1.5 million and with the assets being up almost \$3 million he pointed out that the benefits were funded at about 89.9% this year versus 83% last year which is an improvement in the funded status of the plan. He also went over the pension costs as a percentage and a dollar amount and suggested he would include a footnote with the dollar amount in the future. The Board agreed that would be helpful. He concluded his presentation and asked if there were any questions. Mr. West asked for the normal cost to the percent of payroll and Mr. Donlan replied 21.8% and the run rate is 21.9% at this time. There were no other questions. Mr. Donlan stated if the Board will approve the report the City will be able to use it and he will send it up to the State. He stated he will wait until tomorrow just in case the City does not approve the proposed ordinance at tonight's Commission Meeting.

Motion was made by Mr. Vroman, seconded by Ms. Deyette to approve the Actuarial Valuation as of October 1, 2014 contingent upon the adoption of Pension Ordinance No. 34-2014 by the City Commission.

Motion carried with members present voting unanimously.

Mr. Donlan stated he brought the 2014 Member Statements and gave them to Ms. Spriggs for distribution. Ms. Spriggs stated these are the current statements for 2014 and they will be distributed along with the 2013 statements that were received at the last meeting. Mr. Donlan cautioned to let the members know this is an estimate and that he is using the current years pay.

B. Preliminary Investment Performance Report:

Mr. West stated he had three (3) items today including the summary of a Preliminary Investment Performance Review and two (2) administrative items and updates. He stated since it is still early in the quarter so he does not have the numbers from the real estate fund and only about 70% of the numbers from the universe have populated so he won't have those final numbers until the end of the month. He stated he does not anticipate any significant changes however he will re-calculate the report and send it out for the record. He gave a summary on the performance of the individual investment managers. He stated the cash flow for the quarter began with \$20,312,949 and ended with \$21, 814,010. He gave an update on a meeting with PIMCO key people and stated it is likely Bogdahn will be taking PIMCO off watch and there is no recommendation for change at this time.

Mr. West stated he had a couple of administrative items; 1) is a Letter of Authorization for Salem Trust to be able to convert the Templeton Global Fund to reinvesting dividends rather than paying out the dividends because this plan is so cash positive. He asked for it to be signed so he can forward it to Salem and 2) is the Consent to Change memorandum sent out informing the plan about an ownership change taking place within The Bogdahn Group. He explained Mr. Joe Bogdahn had sold back the majority of his shares in the company however he will stay as the owner of the company and everyone's positions will stay the same. He stated the reasoning was so the employees could have some shares and begin to work on an employee share ownership program. He stated with any material change in ownership the notification is a SEC (Securities Exchange Commission) requirement and he needs the consent to change and the memorandum needs the signature of the Chairman acknowledging consent and acceptance. Mr. Christiansen stated he had no problems with the change and recommended the Board authorize and acknowledge the change in ownership and authorize the Chairman to sign the consent. Chairman Koczan questioned the consent and Mr. Christiansen replied the contract will remain with The Bogdahn Group and there is no reason not to consent to it.

Motion was made by Mr. Vroman, seconded by Ms. Deyette to approve the Consent to Change Internal Control memorandum from The Bogdahn Group as notified by Mr. West and to approve the Chairman to sign the consent in acceptance.

Motion carried with members present voting unanimously.

Motion was made by Mr. Vroman, seconded by Ms. Deyette to approve the Chairman to sign the letter of authorization to direct Salem Trust Company to effectuate any exchange of all current holdings from the Templeton Global Bond Fund (TGBAX) to the Templeton Global Bond Fund R6 (FBNRX) share class and to make sure all distributions made to the Templeton Global Find R6 (FBNRX) fund are automatically reinvested in the FBNRX fund.

Motion carried with members present voting unanimously.

5. MEMBER/PUBLIC COMMENTS: None

1 **6. APPROVAL OF EXPENDITURES:**

2
3 **A. Consent Approval of Listing:**

4
5 Ms. Spriggs stated there is no listing in the packet but she does have one invoice from Christiansen &
6 Dehner in the amount of \$227.40 related to the detail of conferencing and discussion regarding the
7 enhancements to the plan ordinance.
8

9 **Motion was made by Mr. Vroman, seconded by Ms. Deyette to approve the invoice in the amount of**
10 **\$227.40 for payment as presented.** Chairman Koczan asked if there was any other discussion and there
11 was none.
12

13 **Motion carried with members present voting unanimously.**
14

15 **B. Other submissions. None**

16
17 **7. BUSINESS:**

18
19 **A. Plan Enhancement Ordinance:**

20
21 Ms. Spriggs stated she included this on the agenda in case there was any more discussion needed. She stated
22 she had already sent the information on the vote by the membership when we had the 50% to the City
23 Manager however, she did leave the voting open and a few more came in. She stated you have what went out
24 on SurveyMonkey that recapped what the provisions were the vote and the results. She stated 53 members of
25 the 72 responded; 50 approved the changes and 3 disapproved meeting the requirement of a majority vote.
26 She asked if there was any other discussion and there was a consensus that no other discussion was needed at
27 this time.
28

29 Mr. Vroman asked Ms. Spriggs if she could set up some time to discuss and go over the buyback option and
30 Ms. Spriggs replied she would need to get with Foster & Foster first and set up a process. She stated also the
31 Summary Plan Descriptions are due to be updated in 2015 so once that is updated she needs to set up member
32 meetings again. Mr. Christiansen suggested the Board could authorize Foster & Foster to do what is called a
33 GRID which is an estimate whereby you can go down to your years of service and over to what your pay is
34 and those two (2) numbers would give the estimated cost to buyback years of service. He stated you could
35 give that out to everyone and they could get an idea of the cost and typically it costs \$150 to \$200 per
36 member to get the calculations done. Mr. Vroman asked if Mr. Christiansen knew what the GRID costs and
37 Mr. Christiansen replied he did not know.
38

39 The Board discussed issues such as the older you are the more it costs to purchase years of service, paying for
40 calculations prior to divorce and after and if there would be any savings or having to pay separately, it being
41 two (2) separate calculations and Foster & Foster possibly setting up an online place where the members can
42 go and get the numbers. Ms. Spriggs was asked by the Board to check with Foster and Foster to find out if
43 they could possibly set up something that would give an estimate and answer back at the next meeting. She
44 stated she will go ahead and send out the member statements and when the Summary Plan Description update
45 is done she can set up the member meetings.
46

47 **B. Financial Statements September 30, 2014:**

48
49 Ms. Spriggs stated there is a draft of the Financial Statement in the packets that will be used to prepare the
50 annual report along with the detailed schedule that the Board will review and approve for filing with the State
51 in February. She briefly went over the statement stating she still needs to go over the realized gain & loss
52 with Salem versus the un-realized as when she reconciled their monthly statements and Salem did their yearly
53 re-cap the numbers swapped. She added the totals are the same but the categories are different so she is

1 pending an answer from Lynn Skinner to understand what the difference may be. She stated also last month
2 some of the ending balances were changed to the beginning which was caused by adjustments to some of the
3 transactions in investments. She stated Salem's reports are very lengthy but they do include a small
4 reconciliation that bridged the gap of what the differences were. She went over the revenues and expenditures
5 pointing out the Plan's assets increased by \$2,790,000. She stated the next few pages are details of payroll
6 and because the City paid the contribution up front the schedule will look a little different. She stated the
7 plan was over-funded by \$7,000 on the City's part based on the percentage and the City made a lump sum
8 payment of \$250,000. She stated the plan expenses equaled about .5% of the average net assets including
9 administrative and investment expenses. She stated she guessed when the City does their audit they will then
10 implement the new GASB which will be a positive for the plan this year but may be a little confusing for the
11 Commission. She stated she will try to go over it with the quarterly reports. She stated next month she will
12 put this information into the Annual Report format and Ms. Helberg is finalizing the detailed schedules which
13 that will go to the actuary for the actuarial report to send off to the State.
14

15 **C. Operating Procedures:**
16

17 Ms. Spriggs stated she put this item on the agenda because she knew Mr. Christiansen would be at the
18 meeting and the Board had talked about wanting to review the operating procedures. Mr. Christiansen stated
19 he is not prepared to review the procedures but has identified some changes that need to be made in the
20 document. He stated he is in the process of making some changes to the format of the operating rules and will
21 revise them and send them to the Board for review before the next meeting he comes to. Ms. Spriggs stated at
22 the last meeting there had been discussion on training and the Board may want Mr. Christiansen to look at.
23 Mr. Vroman stated he was working on something to give consistency throughout the year with some being
24 pre-approved so the Board members don't miss the training. Mr. Christiansen stated he has some blanket
25 language that can be put into the rules that essentially says that Trustees are authorized to go to conferences
26 without prior Board approval as long as 1) they are within the State and 2) they are required to maintain the
27 minimum requirement which is to go to at least one (1) seminar every four (4) years. He asked if any of the
28 trustees were certified and none were however he can include the Certified Pension Plan Trustee (CPPT)
29 training but, reminded the Board that once certified the trustee must maintain certification and before a trustee
30 goes to CPPT the Board would need to approve it. Chairman Koczan stated for the long term of the plan Mr.
31 Christiansen could include the CPPT training. He stated the Board had discussed developing procedures for
32 disability follow-up and Mr. Christiansen replied that is in the operating rules now and the Board should do it.
33 Ms. Spriggs asked if Mr. Christiansen would recommend sending the 1st letter out to the members on
34 disability and should she consider normal retirement age and Mr. Christiansen replied yes to sending out the
35 letter and there is no specific authority for considering retirement age; it just says if they have recovered they
36 can come back to work. He added at normal retirement age it is not likely they would return to work. After
37 discussion Mr. Christiansen suggested a motion to authorize him to do a draft of the rules.
38

39 **Motion was made by Mr. Vroman, seconded by Ms. Deyette to authorize Mr. Christiansen to do a**
40 **draft of changes to the Operating Rules and Procedures.** There was no other discussion.
41

42 **Motion carried with members present voting unanimously.**
43

44 **D. Agreement Review:**
45

46 **i. Investment Consultant.**
47

48 Ms. Spriggs included this item on the agenda because there was a three (3) year guarantee on the fee. Mr.
49 Christiansen suggested it did not need to be on the agenda unless Mr. West was seeking a fee increase. It was
50 determined that The Bogdahn Group's contract was ongoing however Mr. West stated he was respectfully
51 requesting the Board's consideration of a modest increase on merit of \$750.00 per quarter or \$3,000.00 yearly
52 which increases the contract from \$15,500 to \$18,500 per year; guaranteed for three (3) years. Mr. West

1 stated it has been three (3) years since the last fee adjustment and he has been tasked to bring this plan's fee
2 more in line with the fees charged to other plans. He stated he hopes the Board believes he has provided more
3 than just investment consulting and that he feels he has been a good resource for sharing all the other plan
4 enhancement ideas of some of the 260 plans he is fortunate to work with. He added he sits on the FPPTA
5 Advisory Committee, is involved in a lot of the talks, he tries to bring those things here for discussion,
6 everything is moving forward here in a great direction and he feels he has been a material part in that. He
7 stated if the increase is approved he will forward the addendum to Mr. Christiansen.

8
9 **Motion was made by Mr. Vroman, seconded by Ms. Deyette to direct Mr. Christiansen to prepare an**
10 **addendum to The Bogdahn Group's agreement with a new annual compensation of \$18,500 per year**
11 **guaranteed for three (3) years effective January 1, 2015.** Chairman Koczan asked if there was any other
12 discussion and there was none.

13
14 **Motion carried with members present voting unanimously.**

15
16 **ii. Plan Administrator.**

17
18 Ms. Spriggs stated her contract had a two (2) year review that was not done; her current fee is \$1,650.00 per
19 month and she is requesting an increase of \$100.00 per month to \$1,750.00. Mr. Christiansen stated Ms.
20 Spriggs agreement does not have a guarantee, it actually says "the Board shall consider the appropriateness of
21 an increase in the monthly fee every other year in odd numbered years at the last meeting of the calendar
22 year" and that did not happen. Mr. Vroman stated the Board does not always have a meeting in December so
23 that may need to be adjusted. Mr. Christiansen suggested it could be changed to the 1st meeting in odd
24 numbered years and this is an odd numbered year.

25
26 **Motion was made by Mr. Vroman, seconded by Ms. Deyette to increase the fee to the amount of \$1,750**
27 **per month and change the contract review to the first meeting in odd numbered years effective**
28 **January 1, 2015 and direct Mr. Christiansen to prepare addendum.** Chairman Koczan asked if there was
29 any other discussion and there was none.

30
31 **Motion carried with members present voting unanimously.**

32
33 **8. PLAN ATTORNEY REPORT:**

34
35 Mr. Christiansen stated he had a couple of things including a review of the Summary Plan Description that
36 was done in April of 2013 which is actually timely with the ordinance changes going into place requiring an
37 update and distribution to the membership; it is required to be done every two (2) years. He stated he needs
38 authorization from the Board to prepare an updated Summary Plan Description.

39
40 **Motion was made by Mr. Vroman, seconded by Ms. Deyette to authorize Mr. Christiansen to prepare**
41 **an updated Summary Plan Description.**

42
43 **Motion carried with members present voting unanimously.**

44
45 Mr. Christiansen stated since there are changes being made to the DROP Plan he will need to make changes
46 to the DROP forms to include those changes and he will need authorization by the Board to update the DROP
47 forms.

48
49 **Motion was made by Ms. Deyette, seconded by Mr. Vroman to authorize Mr. Christiansen to update**
50 **the DROP forms to include the changes.**

51
52 **Motion carried with members present voting unanimously.**

53

1 Mr. Christiansen stated the Board approved the Actuarial Valuation and as required by the State, the Board
2 will have to declare an expected rate of investment return for the next year, the next several years and for the
3 long term thereafter. He stated the Board should look to Mr. West to make the recommendation and he asked
4 Mr. West if the assumption of 8% was a reasonable expectation going forward. Mr. West stated he is
5 comfortable that there is a reasonable probability that the current investment structure will hit the 8% required
6 rate of return over the long term and over the intermediate term however any fiscal year we recognize that the
7 plan may exceed or may fall short due to market volatility. He stated he has documentation to that effect that
8 he will provide to Ms. Spriggs to send to the State Actuary.
9

10 **Motion was made by Mr. Vroman, seconded by Ms. Deyette to approve the 8% expected rate of return**
11 **for the next year, the next several years and for the long term thereafter.** Mr. Vroman stated under
12 discussion and for the record in years passed he wanted to bring the rate down .01% of a percent and would
13 still like to but with the City making that additional payment and the lump sum up front he wanted the City to
14 fully realize what the City is doing for the fund; that is why he did not make a motion for a lower rate even
15 though it was only .01% of a percent. Chairman Koczan asked if there was any other discussion and there
16 was none.
17

18 **Motion carried with members present voting unanimously.**
19

20 Mr. Christiansen gave an update on the disability that he is processing on John Morgan. He stated the
21 interrogatories have been sent out but have not been filled out and returned yet and there is a 90 day
22 processing time requirement that does not start until they are received. He stated it appears that the wife is not
23 helping Mr. Morgan so if anyone can give Mr. Morgan some help to fill the paperwork out and get it back to
24 him it would be appreciated. Ms. Helberg stated she spoke with Mr. Morgan and Mr. Morgan stated he is
25 working on them and she stated she stressed to him the importance of being timely in getting the paperwork
26 back. Mr. Vroman asked if the disability would be effective on the date it is approved by the Board and Mr.
27 Christiansen replied there was new language put into the ordinance that says "in the event the City
28 involuntarily terminates the participant's employment for medical reasons prior to the date that the Board
29 determines the entitlement to the disability benefit the monthly retirement benefits shall be payable
30 retroactively to the later of the date of application of the disability benefits or the date that the City
31 involuntarily terminates the participant's employment for medical reasons".
32

33 Mr. Christiansen stated he is beginning to work with a tax attorney and having them review the Plan's
34 documents and suggest changes in the plan to maintain tax qualification status as the IRS comes out each
35 year with a list of things that need to be in the plan and the list changes each year. He stated there has not
36 been a list of Internal Revenue Code changes done for about three (3) years so he is beginning that process
37 again as a heads-up that he will probably be bringing those to the City for approval.
38

39 Mr. Christiansen gave an update on Senate Bill 172 being filed with the Legislature and stated it is amazing
40 how close it is to the bill that did not pass last year regarding changes to Chapters 175 and 185. He stated it
41 looks like the Legislature is going to take another look at it to see if the Senate and the House can get it
42 together and pass the same document. Mr. Vroman asked Mr. Christiansen after review does he think it is
43 beneficial or hinders the Board and Mr. Christiansen replied he cannot say whether it would be better or
44 worse because it is so convoluted; if the Cities and the unions negotiate for the money and they do not
45 consent to it then there is a set of rules for how the State money will be used to include part of it going to pay
46 down the unfunded actuarial liability and the other part of it going into a defined contribution component that
47 will have to be added to the plan.
48

49 Mr. Christiansen stated the last item is a housekeeping item regarding Pension Form No. 1 which is a form
50 where in the City requests the Board to maintain the confidentiality of records that are required to be kept
51 confidential under the State Statute and you may not know that information like social security numbers,
52 house telephone numbers, where kids go to school and the like are all not subject to public disclosure

1 however they are subject to disclosure in the hands of the City. He stated if a sub-agency has that information,
2 that information is subject to disclosure unless the City or the individual member requests that information be
3 maintained confidential under State Statute and that step has to be done.
4

5 **9. PLAN ADMINISTRATION REPORT:**
6

7 **10. BOARD MEMBERS COMMENTS:**
8

9 Ms. Deyette wished everyone a happy new year.
10

11 Mr. Vroman wished everyone a happy new year and he cannot wait to see what happens this evening.
12 Chairman Koczan asked about Mr. Vroman having a training class and Mr. Vroman replied he had not
13 made up his mind as of yet.
14

15 Chairman Koczan stated patience is a virtue and hopefully we will have a new ordinance tonight. He
16 thanked everyone who has endured the long term battle.
17

18 **11. CONFIRMATION OF THE NEXT MEETING DATE, TIME AND LOCATION:**
19

20 The next scheduled meeting is February 17, 2015 at 5:00 p.m. in the 2nd Floor Conference Room.
21

22 **12. ADJOURNMENT:**
23

24 Meeting adjourned at 5:11 p.m.
25
26
27
28

29 _____
James Koczan, Chairman

30 ATTEST:
31
32
33

34 _____
Janet Day, Deputy City Clerk